



Understanding entrepreneurship in informal settlements in Katutura, Windhoek. Results of a pilot study

Namibia
March 2024



Cover Picture: Daniel, a mobile entrepreneur and owner of Humble Hustle.

Photo Credit: Toini Amutenya

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Background of informal settlements and the informal business sector in Namibia

About 48% of Namibia's population resides in urban areas of which 26.6% live in improvised housings described as slum-like conditions¹. In the Khomas Region in which the highest percentage of urban population is concentrated, the percentage of people living in informal settlements is about 42.3% and about 25% of these inhabitants have no access to proper toilet facilities². Residents of informal settlements are among the poorest and most marginalized in Namibia. A majority of people living in the informal settlements of Windhoek are either unemployed or self-employed. Due to the growing population of the city and the mushrooming of informal settlements, most residents in these settlements lack access to basic services such as potable water, serviced land and electricity. They also have no land tenure rights, making them susceptible to relocation³.

Residents of informal settlements are also among the most vulnerable to impacts of climate change and have the least capacity to adapt. Climate change impacts to informal settlements in Namibia include extreme temperatures, drought and water scarcity, flash floods, and heavy storms, which consequently destroy homes, properties, and infrastructure, causing injuries and loss of human lives, economic losses and effects to livelihoods, and exacerbating already high inequality and poverty rates. Inequality exacerbates climate change stressors, and communities with limited assets and flexibilities have limited adaptive capacity to shocks.

At least one third⁴ of the Namibia's labour force is concentrated in the informal economy of which women comprise the majority⁵. However, entrepreneurs in the informal sector face various challenges including limited management and financial skills, lack of access to finance, limited access to information and marketing, and poor industrial knowledge including limited skills in using technology. Several of these businesses are operating in peri-urban areas, in which they face challenges of access to land and inadequate provision of services such as water, electricity, and sewerage management as well as lack of proper roads and an uncondusive business operating environment^{6,7}.

This report presents the outcomes of a pilot survey of businesses in the informal settlements of Windhoek in July 2021 with the aim of better understanding the motivations, needs and challenges faces by entrepreneurs in these contexts. The study was undertaken by Triple Capital in collaboration with Development Workshop Namibia. The pilot survey sought to understand the types of businesses operating in informal settlements, to understand the economics of these businesses, and to assess the various social, financial, economic and environmental challenges and barriers affecting day-to-day business activities. It further sought to explore the potential areas of opportunity for supporting entrepreneurs to strengthen and scale up their businesses in ways that are sustainable and enhance resilience to impacts of climate change.

¹ Namibia Statistics Agency, "Namibia Inter-Censal Demographic Survey 2016 Report."

² Namibia Statistics Agency. "Khomas 2011 Census Regional Profile, 2011" ..

³ Endjala and Botes, "Surviving like a Bird': Livelihood Coping Strategies in an Informal Settlement of Windhoek, Namibia. 2020"

⁴ Atlas of Namibia Team, 2022, Atlas of Namibia: its land, water and life, Namibia Nature Foundation, Windhoek

⁵ Namibia Statistics Agency, "The Namibia Labour Force Survey 2018 Report."

⁶ Weber and Mendelsohn, " Informal Settlements in Namibia: Their Nature and Growth. Exploring Ways to Make Namibian Urban Development More Socially Just and Inclusive." 2017.

⁷ MoLIR&EC, "NAMIBIA INFORMAL ECONOMY Case Study Report 2016/2017."

Study Objectives

This study forms the first stage of the project that aims to understand, support, and scale-up climate-resilient entrepreneurship in informal settlements in Namibia. The project goals are to understand the opportunities for climate-resilient entrepreneurship in informal settlements in Namibia and to support the scale-up, expansion, and success of businesses to enhance the socio-economic wellbeing of the marginalized communities, thereby promoting climate-resilient, sustainable, inclusive growth and reducing unemployment and inequality.

Methodology

Study Area

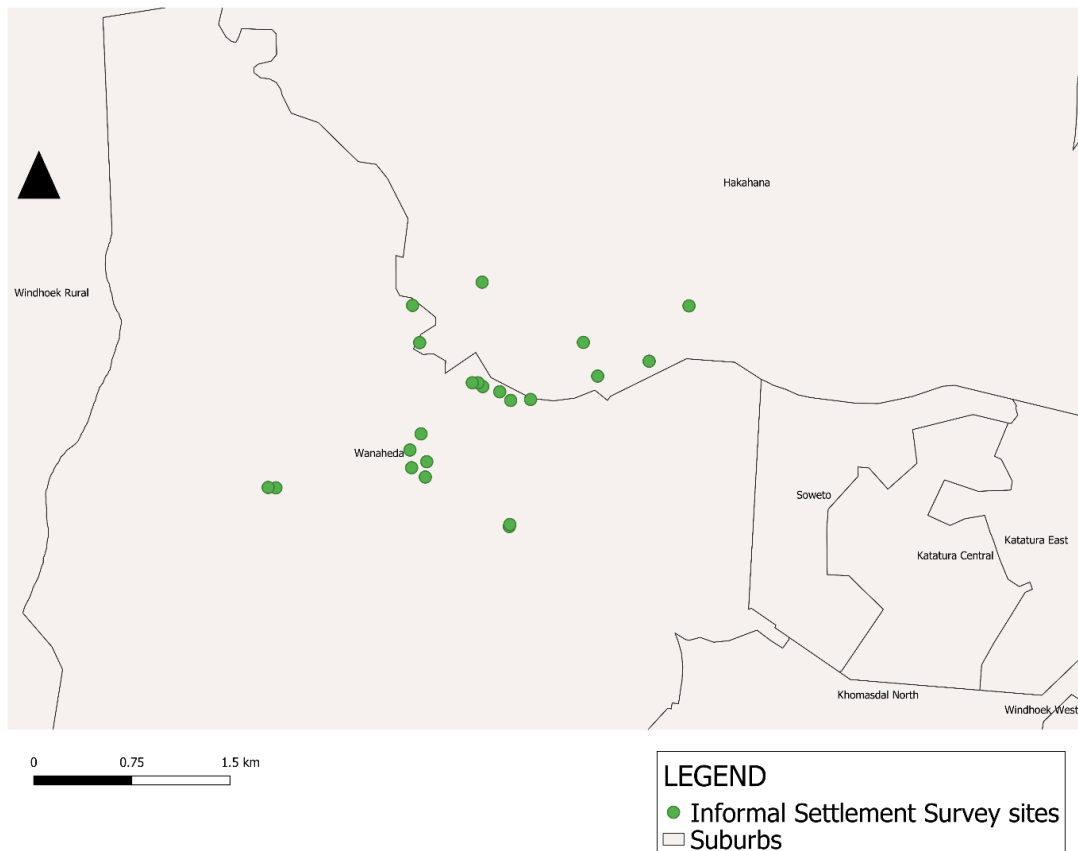


Figure 1: Survey locations and interview points (Source: Triple Capital Namibia 2023)

The pilot survey was carried out in two constituencies of Windhoek, where the informal areas are located and primarily where informal entrepreneurship is commonly practiced. The Samora Machel Constituency is one of the oldest constituencies of Windhoek suburbs located north of the Central Business District. This constituency consists of four suburbs namely Wanaheda, Goreangab, Greenwell Matongo, and, Havana,

with an estimated population of 50,110 inhabitants⁸ of the 2011 census records. The majority of residents are formally unemployed and surviving off informal employment and running small enterprises⁹.

The Moses //Garoeb Constituency has an estimated population of 45,564 inhabitants¹⁰, also majority formally unemployed and dependent on informal employment and small enterprises for social-economic livelihood. This constituency was previously called Hakahana before it was divided into two constituencies the other being Tobias Hanyeko Constituency, to manage the growing population and mushrooming informal settlements¹¹.

Within the Moses //Garoëb and Samora Machel Constituencies, the settlements in which surveys were conducted were Havana, Greenwell Matongo, Goreangab, and Hakahana. These four locations were selected because of the vast business activities practiced, as these are the vicinities locally regarded as business hotspots of the informal settlements in Windhoek. In addition to these business hotspots, a few interviews were also conducted in more remote areas, in order to include those businesses that required larger pieces of land to run such as poultry farms, gardens, transport, and accommodation. Figure 1 above illustrates the different locations and points in which the surveys were carried out.

Data collection

The survey was carried out using an online interview form which allowed the data entries recorded to be downloaded into an excel spreadsheet.

A team of four enumerators were deployed to carry out the pilot survey in the designated locations of the two constituencies. The four enumerators consisted of two females and two males who were paired to form two groups. The enumerators went through a one-day practical training that was conducted a few days before actual surveying commenced that aimed to familiarize them with the purpose of the study, the interview questions and the data collection approach. The training also covered procedures on how to approach and engage with business owners, how to ask questions and fill in the forms, and safety precautions including Covid-19 safety measures enumerators needed to consider while out in the field and interacting with business owners and employees.

To capture the diversity of businesses in the informal settlements, enumerators used the random systematic sampling technique which allowed them to assess different businesses under different sectors of business operations, systematically. On each day of surveying, the enumerators met at a central location with the two groups following opposite directions to avoid double recordings throughout the pilot survey. The enumerators conducted the interviews at the business locations and made use of internet-connected smart phones to capture the responses to the questions directly into the online questionnaire. The businesses to be interviewed were selected at random, while trying to achieve a diversity of business types. The person present at the business was interviewed irrespective of whether the person was the business owner or an employee. Before initiating the interview, the enumerators provided an overview of the project and purpose of the interview and requested the informed consent of the person to be interviewed. The surveying was carried out over a period of 11 days, with each interview taking approximately 60-90 minutes to complete.

⁸ NSA, "Khomas 2011 Census Regional Profile."

⁹ Wikipedia, "Samora Machel Constituency."

¹⁰ NSA, "Khomas 2011 Census Regional Profile."

¹¹ Wikipedia, "Moses //Garoëb Constituency ."

Materials

Enumerators were expected to each carry their own smartphone for internet purposes and access to the online form, each group of enumerators was loaded with weekly data bundles to access the online questionnaire for surveying and submission and taxi fare for each enumerator to access the locations daily was provided. Name tags and a printout copy of the questionnaire were disseminated to each enumerator.

Results of the study

Profiles of the respondents

A total of 100 interviews were conducted in a period of 11 days, with one group of enumerators completing about four questionnaires on average per day. Of that 100, only 96 interviews and complete questionnaires were recorded as some respondents were unable to sit for the rest of the interview due to the activities of their businesses at the time of visit. Of the total number of businesses interviewed, 56% of respondents were females while 44% of the respondents were male (Figure 2).

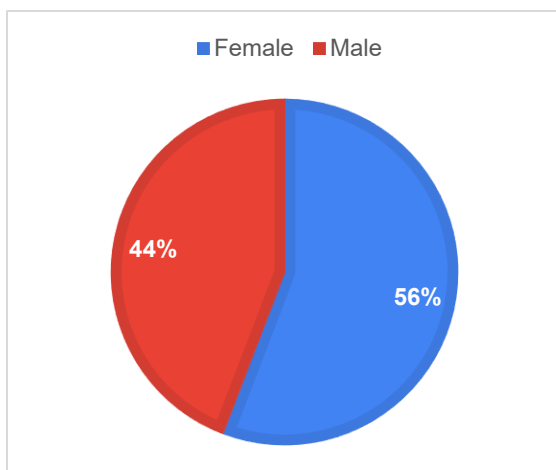


Figure 2: Respondents gender.

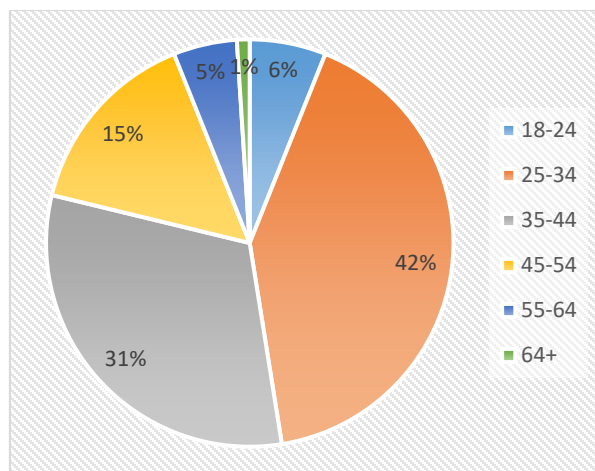


Figure 3: Respondents age categories.

The majority of respondents were within the age range of 25-34 years and followed by people within the age range of 35-44 years who are either employed by the businesses or owners of these businesses as shown in figure 3, above. Regarding education level, the majority of the respondents have completed junior level of education (Grade 8-10) and 25 respondents have completed their national senior secondary certificate, while 12 of the respondents have completed tertiary education. Seven respondents indicated having received specialist training at vocational training centers (Figure 4).

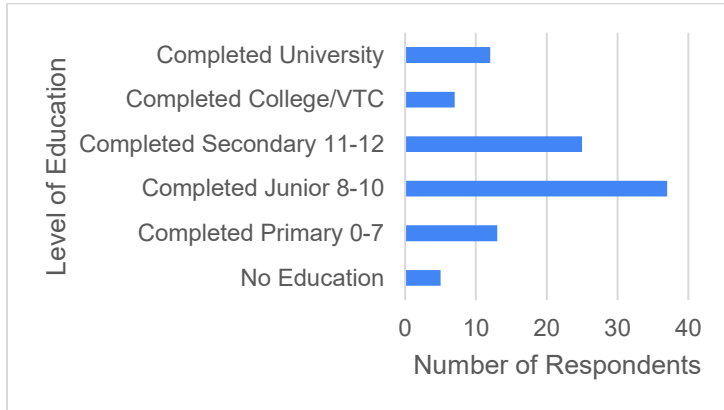


Figure 4: Respondents Level of Education

Profiles of businesses

The surveyed businesses represented a diversity of types of business with multi-purpose vendors, hair and nail salons, tailoring businesses and mini-take-aways, constituting the majority (Figure 5). Other business types included kapana vendors, kindergartens, butcheries, vehicle repair garages, upholstery/carpentry stores, clothing vendors, printing shops, gardens/agriculture, poultry, rentals/accommodations, cosmetics, and repair shops, to name but a few.

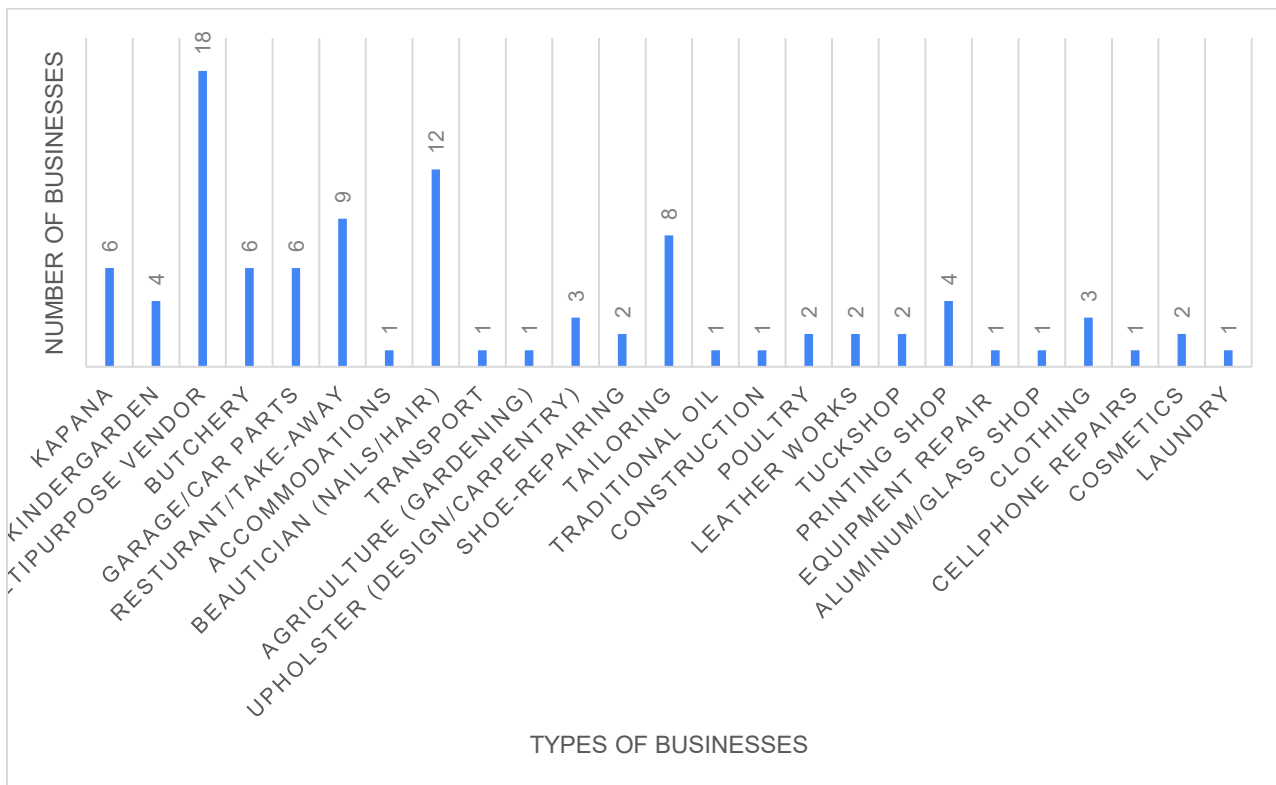


Figure 5: Number and type of businesses surveyed.

At least 73% of the people interviewed were the sole owners and founders of their businesses while 18% were employees. Three percent were employed as managers of the business while 6% were business partners (Figure 6).

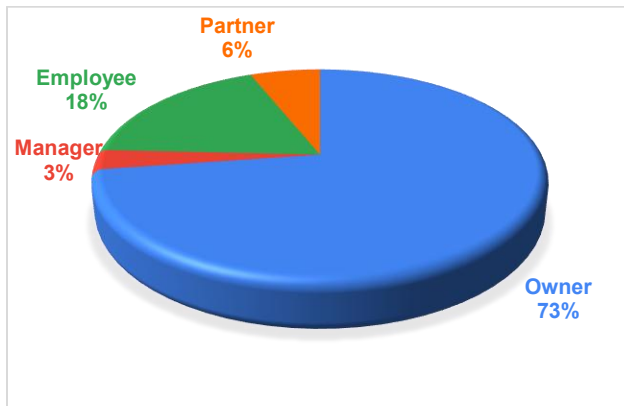


Figure 6: Business ownership of respondents.

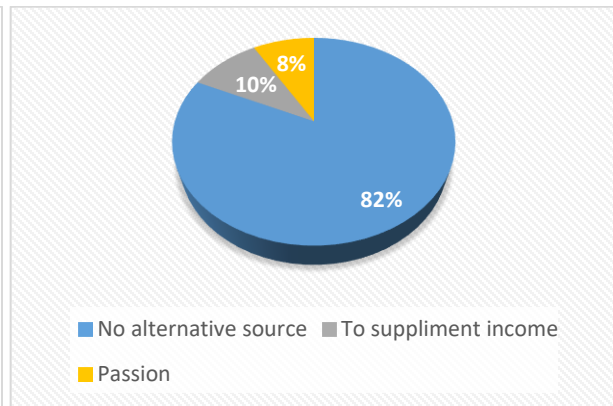


Figure 7: Reason for establishing the business.

About 31% of the respondents chose to establish their businesses as their first choice of activity, while for the majority (49%) it was not their first choice of activity. For those for whom it was not the first choice, 82% of respondents noted that they chose to establish their businesses due to a lack of alternative sources of income creation as illustrated in figure 7. As Figure 8 below shows, 86% respondents do not have another source of income.

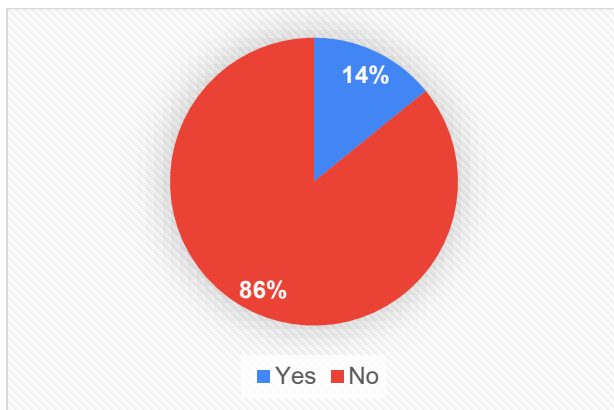


Figure 8: Respondents with and without other sources of income.



Figure 9: Type of training received.

When asked whether they have received any training to run the kind of businesses that they practiced, 37% of respondents confirmed having received training, with 26% having received training in technical work and 11% in business and financial management. However, a greater proportion (63%) of respondents received no training at all (Figure 9).

Employment analysis

Respondents were asked about how they select their employees, including their relationship, requirements, and level of training. The results show that 57% of the people employed by the informal enterprises surveyed share no relationship with their employers, while 29% of employees are family members or the spouse of the owner, and 14% have a prior relationship as family friends or friends (Figure 10). The primary factor in selecting employees was their skills, with 18 respondents noting that they hired employees based on their skills, and 7 respondents stating that they hired their employees based on existing relationships (Figure 11).

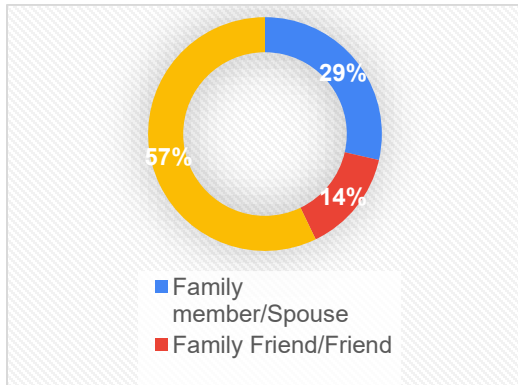


Figure 10: Employee's relationship with business owners.

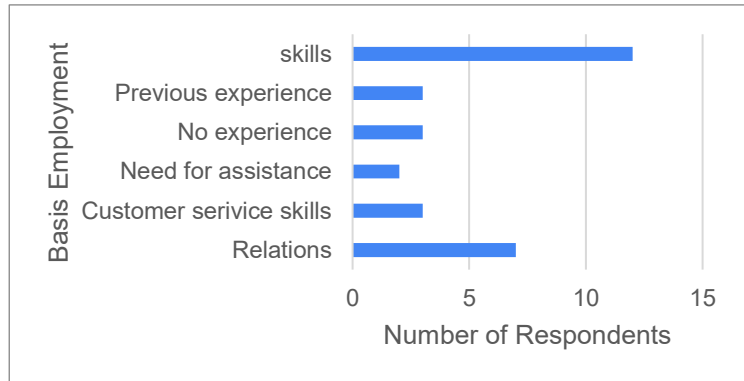


Figure 11: Basis of employment.

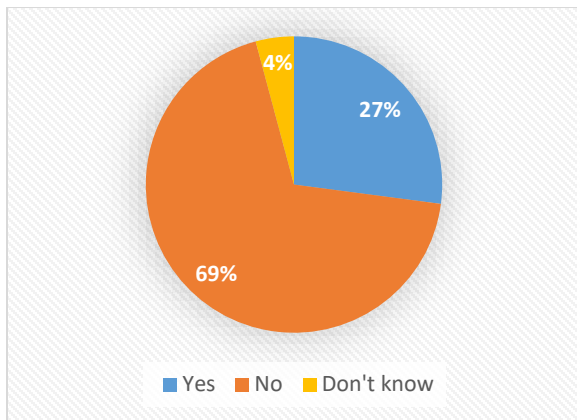


Figure 12: Employees who have received training for the business.

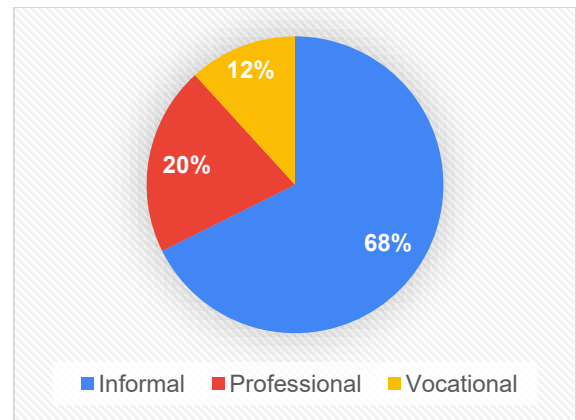


Figure 13: Mode of training received.

When asked if employees have received training in the business, 69% of respondents said no, while 27% responded yes (Figure 12). Of the respondents who received training, Figure 13 illustrates the kind of training they have received; 20% received professional training while 68% received informal training for the business. Other respondents gained skills from vocational training centers for the kind of business they run or are employed (Figure 13).

Business registration

Of the 96 businesses surveyed, 38% are registered, while 52% are not registered and 10% are responses from employees who do not know if their owners have registered their businesses (Figure 14). Of the 38% of registered businesses, 50% are registered with the Ministry of Industrialisation, Trade, and SME Development or with the local authority for a fitness certificate, while 30% are registered with the Business Intellectual Property Authority (BIPA). 10% of businesses are registered with the Business Multi-Service of Namibia and others with the Ministry of Gender and Child Welfare (Figure 15). The majority of the respondents who have not registered with their businesses reasoned that it is because they lack information and some highlighted that it is due to high costs associated with the registration processes (Figure 16). 47% of the respondents interviewed have the interest to register their businesses given the opportunity, while 2% do not see themselves registering for their businesses any time soon (Figure 17).

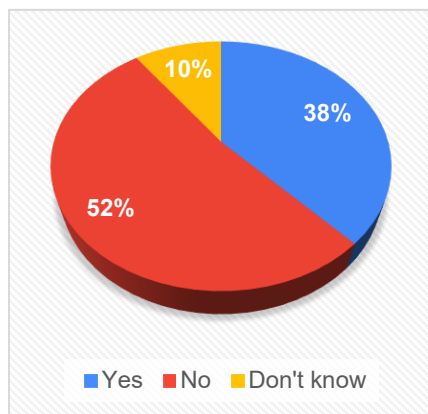


Figure 14: Business Registered.

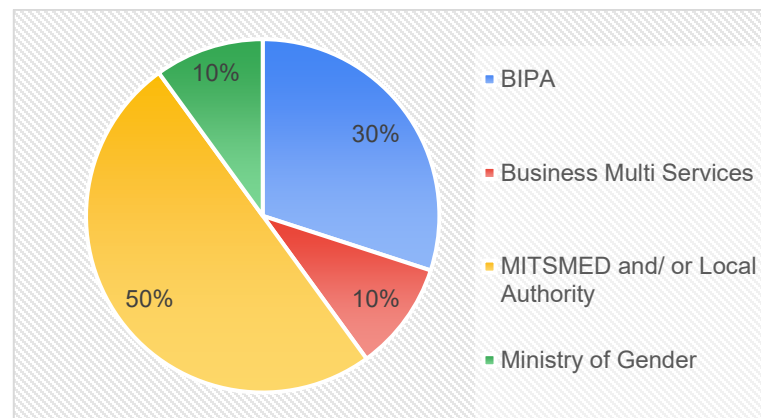


Figure 15: Institutions businesses are registered with.

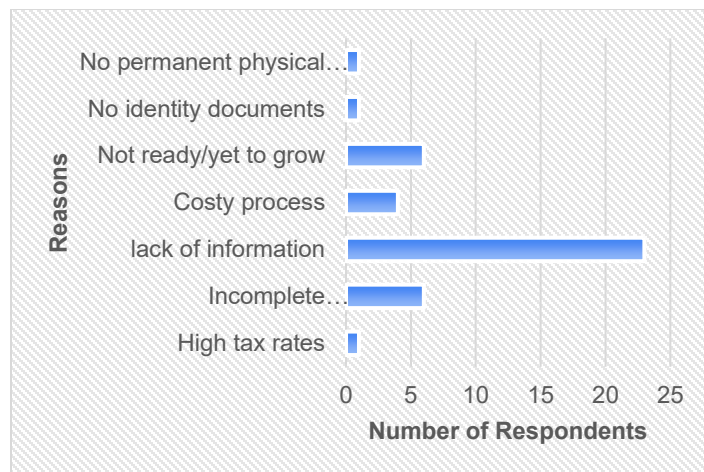


Figure 16: Reasons for not registering businesses.

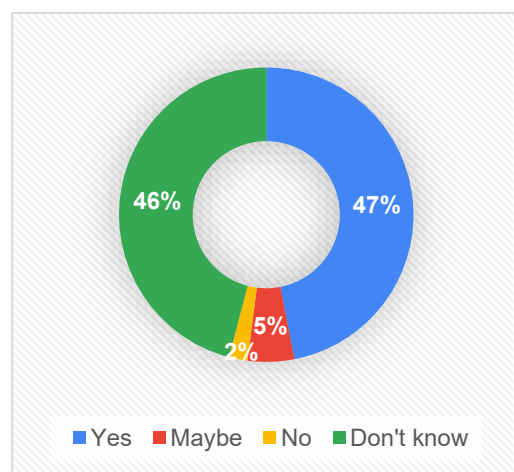


Figure 17: Owners with plans to register their businesses.

Informal businesses and external funds

The data below shows how businesses were funded at their inception and their engagement with financial institutions. Of 96 respondents, 61 established their businesses from their own savings which assisted in buying their first stock for operation. Another 18 said they have received assistance from family and friends to kick start their business while one of the respondents has received a loan from a financial institution as a seed fund for the business (Figure 18).

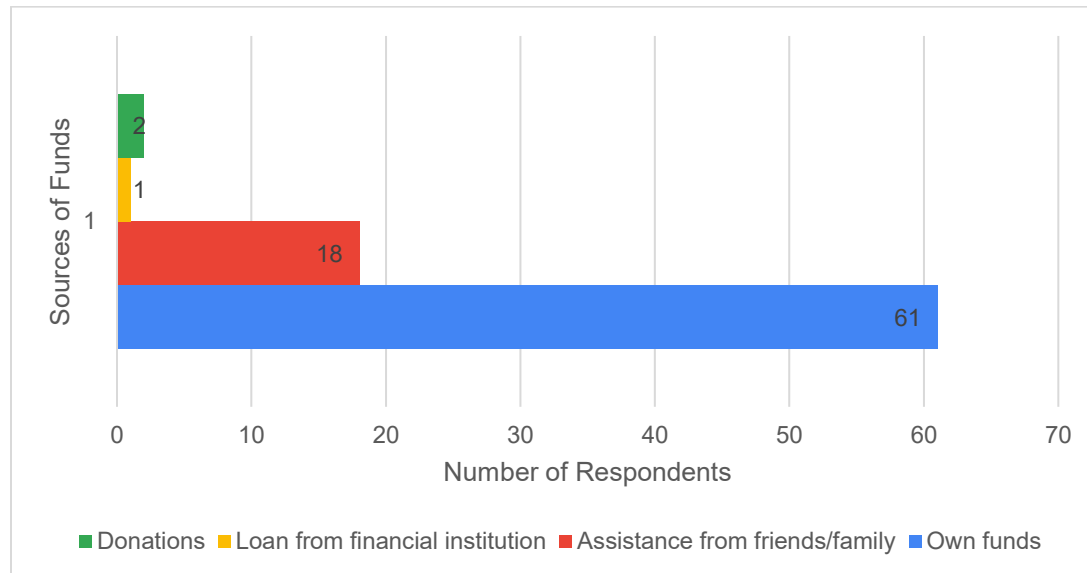


Figure 18: Sources of funds to establish businesses.

Respondents were also asked whether they have tried to access financial support to aid for their business needs from public and private financial institutions (Figure 19). Nine per cent of interviewees have received financial support from financial institutions while 91% have never reached out nor received any kind of support from financial institutions. Respondents who have not reached out to or received funding support from financial institutions were asked to share reasons. Of the nine respondents who provided feedback, reasons noted included fear of not being able to pay back borrowed funds, uncertainty as to whether they would qualify for loans, lack the collateral often asked by banks, and not having registered their businesses (Figure 20).

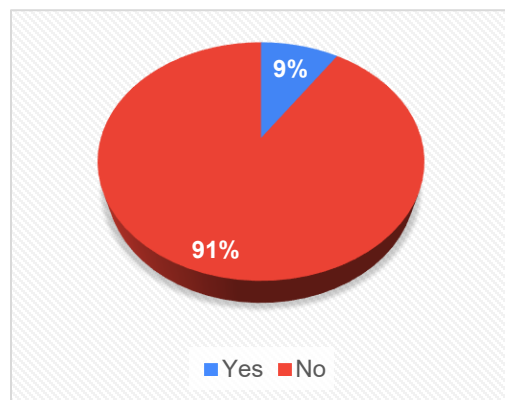


Figure 19: Businesses with financial support from institutions.

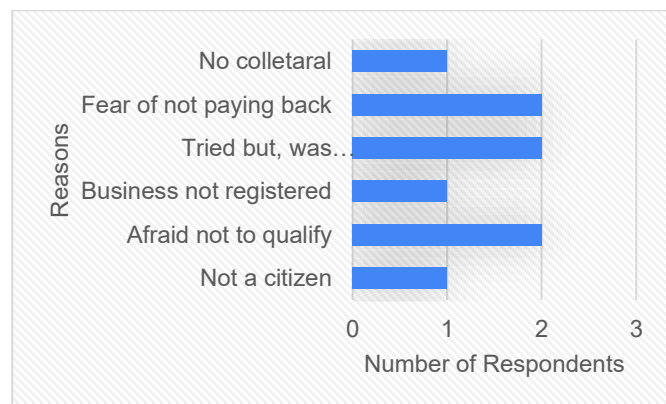


Figure 20: Reason for not accessing funds from institutions.

The banking methods used by respondents for their businesses was also assessed. A majority (48 respondents) make use of their personal banking accounts for business operations, while ten respondents have established business accounts and 12 use Nampost for business banking services (Figure 21).

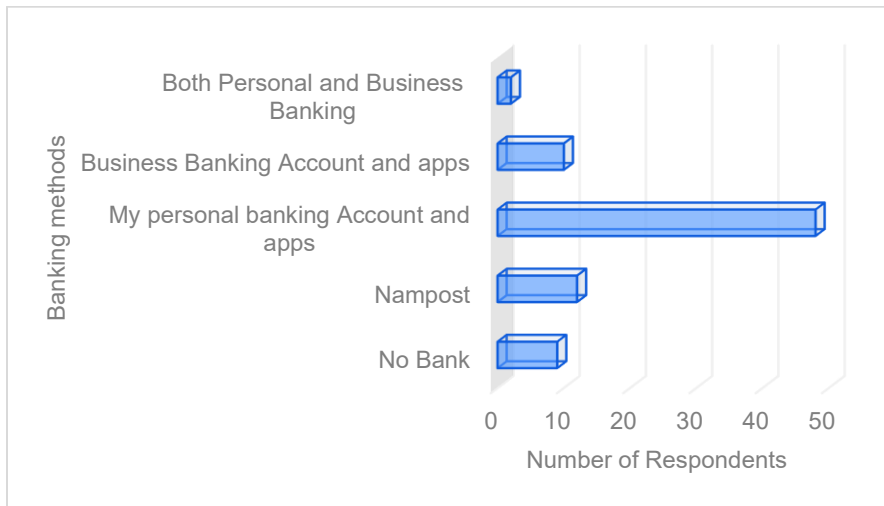


Figure 21: Different banking methods used by businesses.

Out of the 67 respondents who provided information on the cost of starting their business, 50 invested less than N\$5000 to start up their businesses while 8 invested between N\$5000 and N\$10,000 as startup capital. Nine businesses invested more than N\$10,000 at startup.

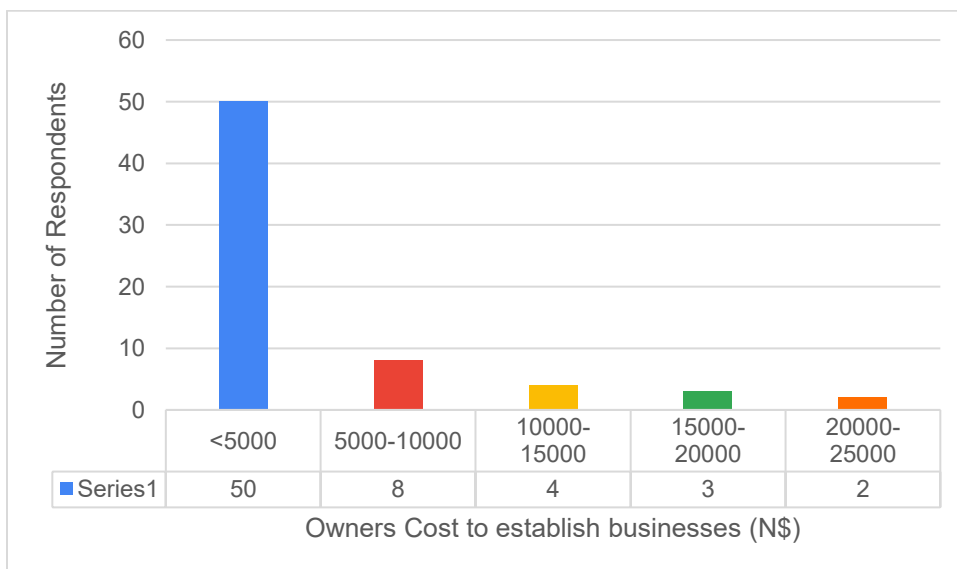


Figure 22: Cost of establishing businesses.

Business cash flow

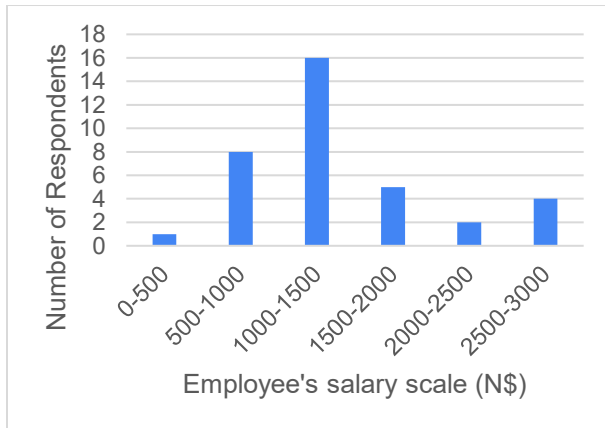


Figure 23: Employee's monthly salary.

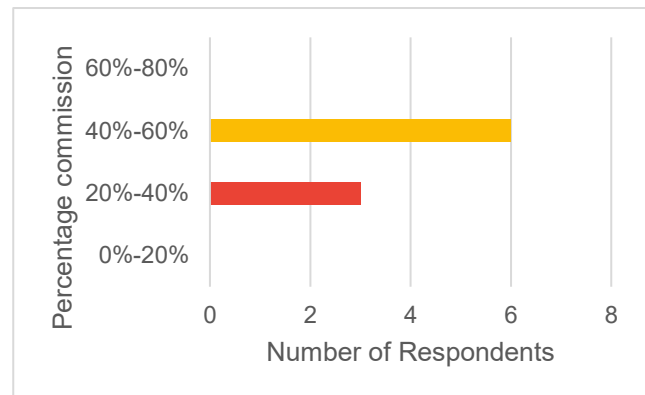


Figure 24: Employee's pay on commission.

Figure 23 above shows the range of salaries earned by employees employed in the informal businesses surveyed. Eight respondents pay employees between N\$500 and 1000 per month while 16 respondents indicated that they pay employees in the range of N\$1000 to N\$1500 every month. Eleven pays above N\$1500 per month. Not all employees in the sample are paid in cash value every month; some are paid a commission on earnings. Figure 24 above illustrates the percentage of commission paid by their employers. Six of the respondents pay their employees a commission ranging between 40 to 60% of sales revenue they have made while three paid between 20 and 40% of sales revenue.

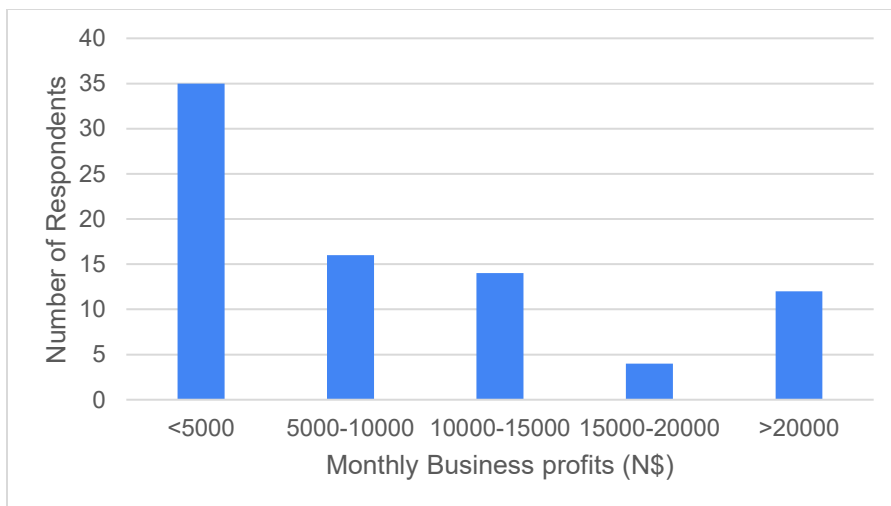


Figure 25: Business monthly profits.

Figure 25 above shows the monthly profits of the businesses. A majority (35) of businesses' monthly profits fall below N\$ 5000 while thirty businesses indicated profits ranging between N\$5000 and N\$ 10,000 per month. Sixteen businesses indicated profits above N\$15,000 per month. The average monthly revenue reported was N\$ 13,530 while average cost of running a business was N\$ 3,716, giving an average monthly profit of N\$ 9814 (Table 1).

Table 1: Average business sales, costs and profits.

Description	Average monthly revenue	Monthly average Cost to run businesses	Monthly average business Profit
Average values (NAD)	13,530	3,716	9,814

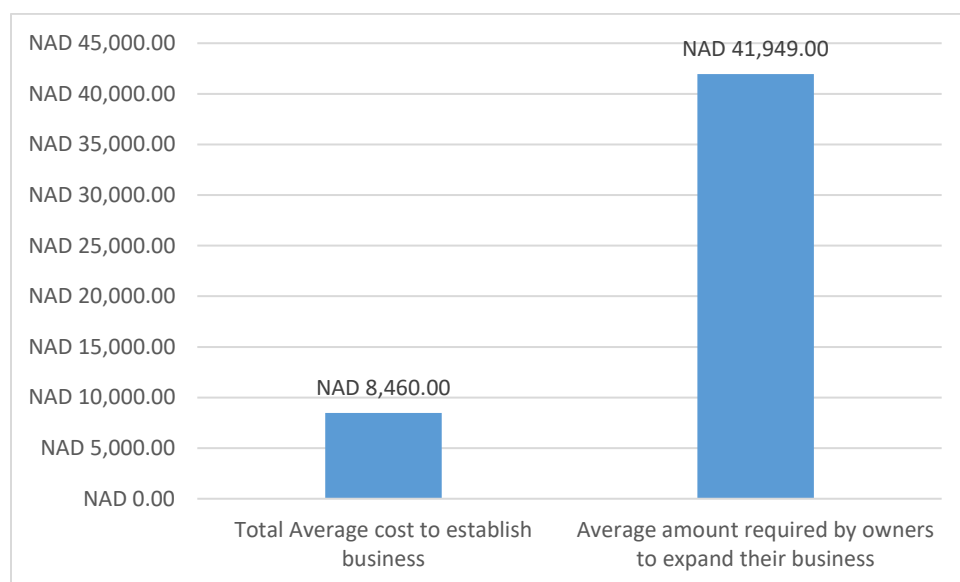


Figure 26: Average business establishment cost and expansion cost.

Figure 26 shows the average amount of money invested by business owners in establishing their business and the estimated amount needed to expand the business to achieve their business goals and meet demand from customers. On average owners invest N\$8,460 to kick start business operations and would need about N\$41,949 for expansion.

Table 3. Businesses services average monthly expenses

Table 2: Monthly average business services needs and the number of people they support/household.

Description	Monthly average electricity cost for businesses to operate effectively (NAD)	Monthly average water needs for businesses to operate effectively (liters)
Average value	718	2287

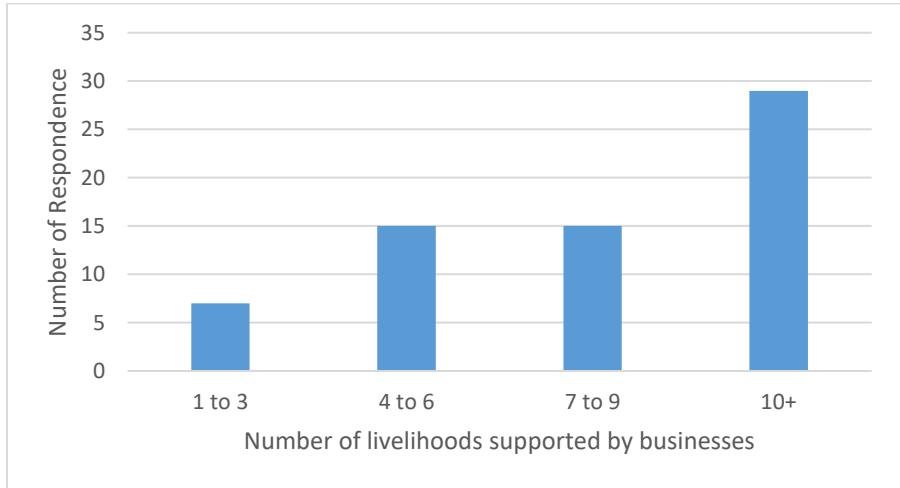


Figure 27: Number of livelihoods supported by businesses.

Table 2 above indicates the average water and energy service needs of businesses. On average businesses interviewed use about N\$718 input of electricity to operate and about 2,287 liters of water per month to run their activities. Also illustrated in figure 27, is the number of people these businesses support with their business earnings; a majority of business owners indicated to support 10 people plus many members of their relations from their profits.

Business social, economic, and environmental challenges

This section illustrates the different kinds of social, economic and environmental challenges experienced by the businesses surveyed.

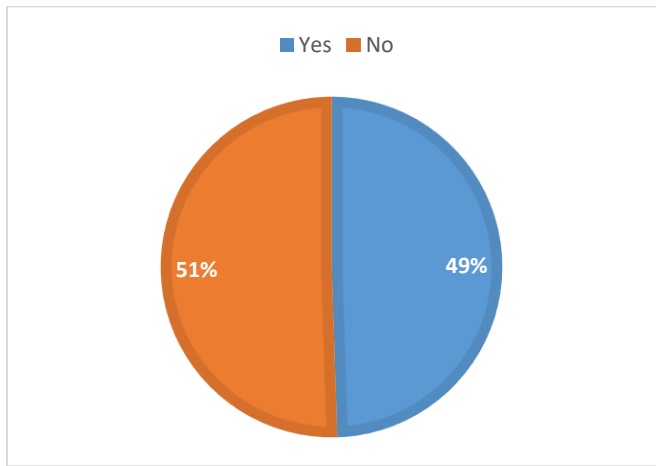


Figure 28: Business owners' reflection on their happiness with current business operation and performances.

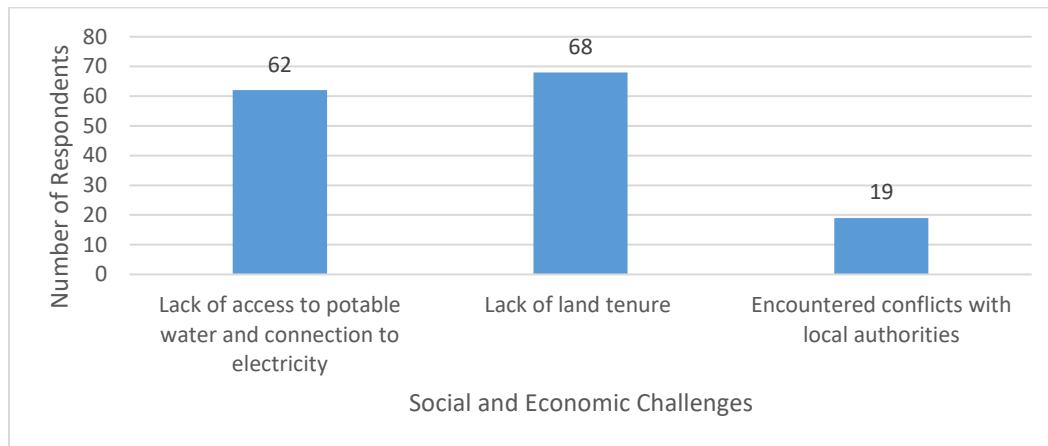


Figure 29: Social and economic challenges faced by businesses.

Fifty-one percent of respondents reported being unhappy with their current business performance (Figure 28) (Noting that the survey was carried out during the COVID pandemic and in the middle of winter, the biggest challenge identified by respondents was the lack of customers this is observed to be the reason why a majority of respondents were unhappy with the current performance of the businesses.

Other challenges were also observed that affect operation and hindered performance of businesses. Illustrated in Figure 29, respondents noted impacts such as, lack of potable water and access to electricity, lack of access to land and conflict with customers over credit. On if businesses encountered conflict with the local authority, only one respondent noted to have encountered such as issue.

These impacts were noted from in depth discussions with respondents and captured as other challenges noted from the survey that small business owners experience during their business operations that further affects performance and growth.

On the question of how lack of electricity access affects their businesses, respondents noted that they are unable to use machinery to aid their manpower while others noted that it affects business productivity and limits their hours of operations as they are unable to carry on with business activities after sunset.

On assessing the impacts of how lack of access to potable water around their business vicinities affect their daily operations; respondents highlighted that it interrupts actual operations and reduces productivity while others argue that it leads to issues of poor sanitation and respondents that taps are far and always overcrowded, so that collecting water takes up significant business time.

The impacts of lack of access to land noted by respondents include difficulty to expand businesses, difficulty to operate and businesses being subjected to re-location and forced to move. Other also noted that the challenges of no access to land subjects them to expensive rents to operate their businesses.

The major type of conflicts observed were operational issues which were indicated, and conflicts associated with forced relocation from the existing area which were indicated noted by a few respondents. Respondents also indicated to have encountered conflicts related to business fitness certificate and permit issues, registration, and operational issues.

Informal Businesses and climate change impacts

This section explores the climate change vulnerability of the surveyed businesses.

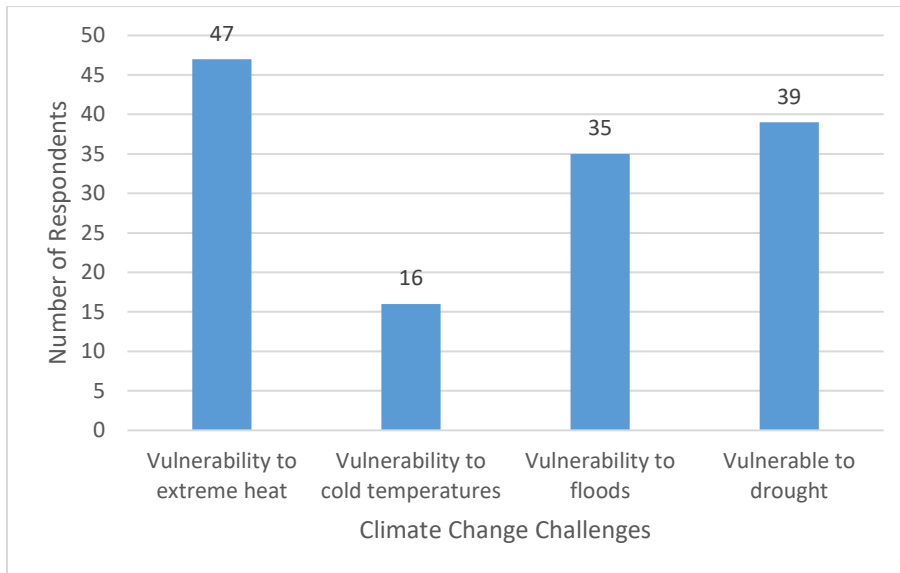


Figure 30: Reflection of climate change impacts to businesses.

Figure 30 above shows the number responses of businesses impacted by various climate change challenges. Forty-seven of the respondents noted extreme high temperatures having an impact on their business operations, primarily because the heat causes goods to go bad quickly. Cold temperatures were viewed as less of a challenge, noted by only 16 respondents, with the primary impact that cold reduces the number of customers. Businesses in the agricultural sector such as poultry and gardens noted that the cold season affects their productivity causing losses of chicks and limited plant growth. Thirty-five respondents noted vulnerability to floods, which cause damage to properties inhibit access their business areas. Thirty-nine respondents noted vulnerability to drought, primarily because of its effect on supply availability, which drives up the prices of inputs such as meat and water.

Access to Services

This section discusses access to energy, water and waste disposal services of the informal businesses surveyed. From data obtained, at least 52 of the respondents are connected to the electricity grid. Respondents not connected to the grid list other sources of energy they make use of for business operations. Ten respondents indicated wood as their main source of energy, five gas, four solar energy, one uses a petrol generator, while two don't have electricity and make use of their cellphone torches for lighting (figure 31).

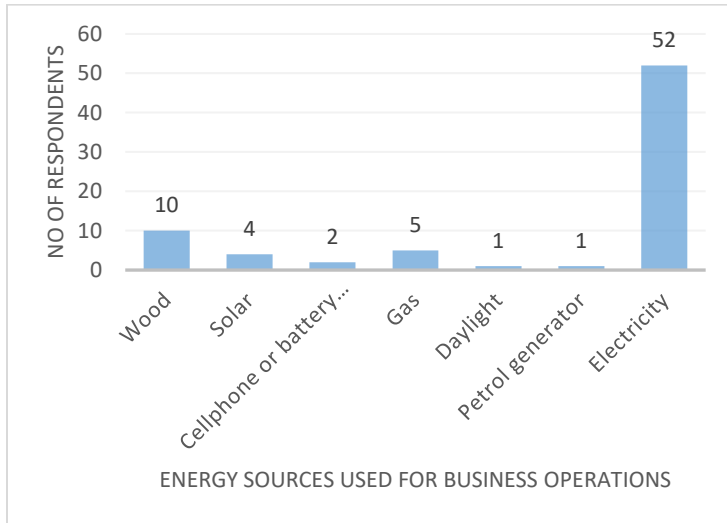


Figure 31: Energy sources used for business operations.

Asked about water use, 65% of respondents need water for daily operations, while 35% do not. Figure 32 shows the ways businesses access water points for their daily activities. Forty-eight respondents use community taps while, 18 others have their own taps, ten make use of neighbours and friends taps.

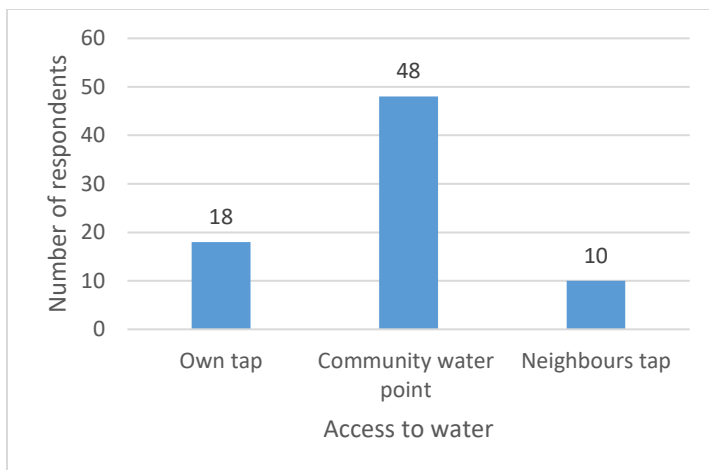


Figure 32: Ways businesses gain access to water for operations.

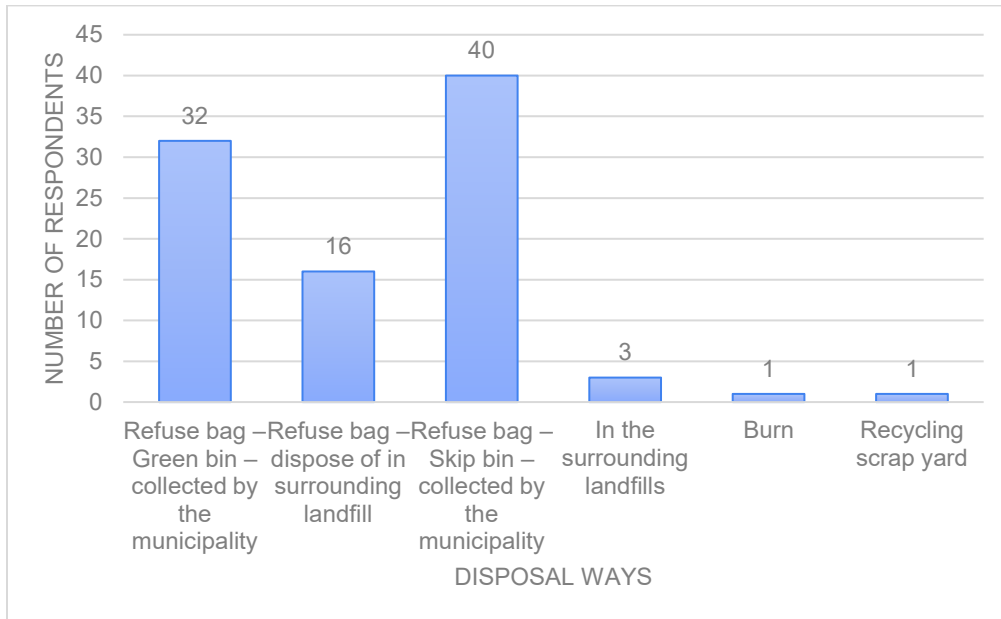


Figure 33: Business means of waste disposal.

Regarding waste disposal, 72 respondents indicated that they make use of refuse bags and skip bins or green bins which are collected by municipality to discard waste generated from business operations. Nineteen respondents reported that they discard waste directly into surrounding landfills. One respondent burns waste while another disposes of waste at the recycling scrap yard (figure 33).

Prospects to expand and grow business

Assessing the prospects of growing and expanding businesses, respondents indicated a variety of needs in order to further develop their businesses in line with their ambitions. Figure 34 below shows that for 49 business owners, the primary need to expand their businesses is funding. 23 respondents need equipment to extend their operational ability. Adequate services e.g. water also emerged as a major need, as well as skill development and financial literacy.

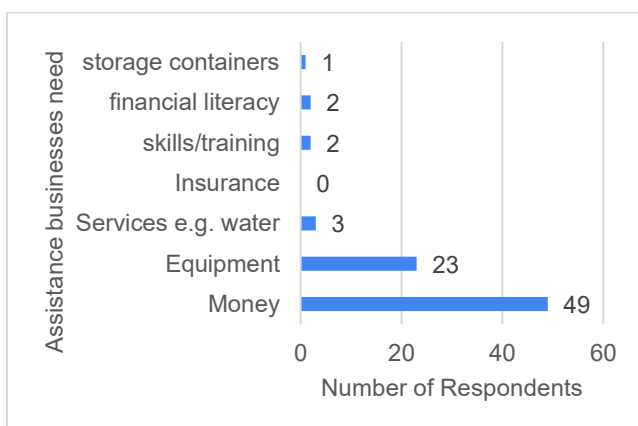


Figure 34: Kinds of assistance business owners need.

When asked if access to finance is a barrier to expanding their business, 93% of the respondents indicated that it is a major obstacle).

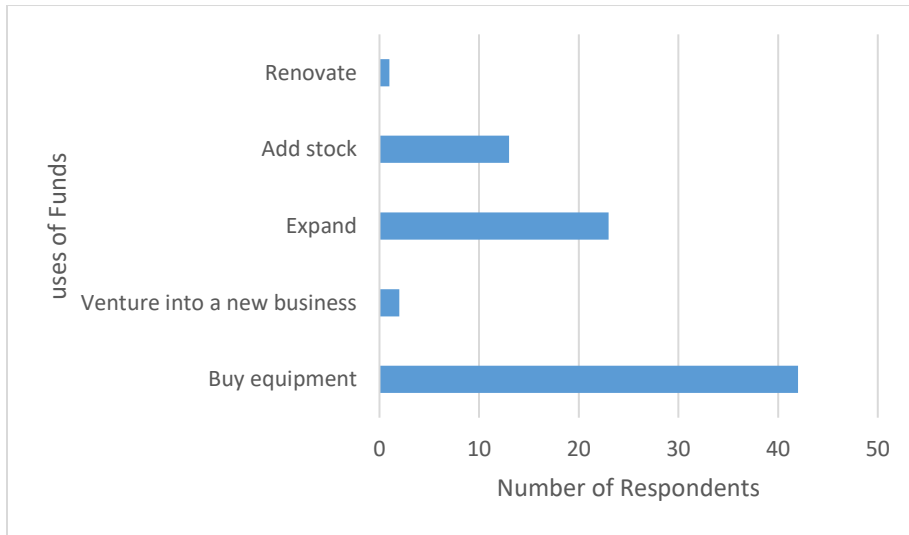


Figure 35: Business owners’ means of using funds when availed.

When asked what the business owners will do if funds were available, a majority (42) indicated they would use it to buy equipment, 23 respondents said they will use it for general expansion of their operations, while 13 others said they will use it to add more stock. Others also indicated a need to renovate and venture into a new kind of business e.g. gardening, as illustrated in figure 35 above.

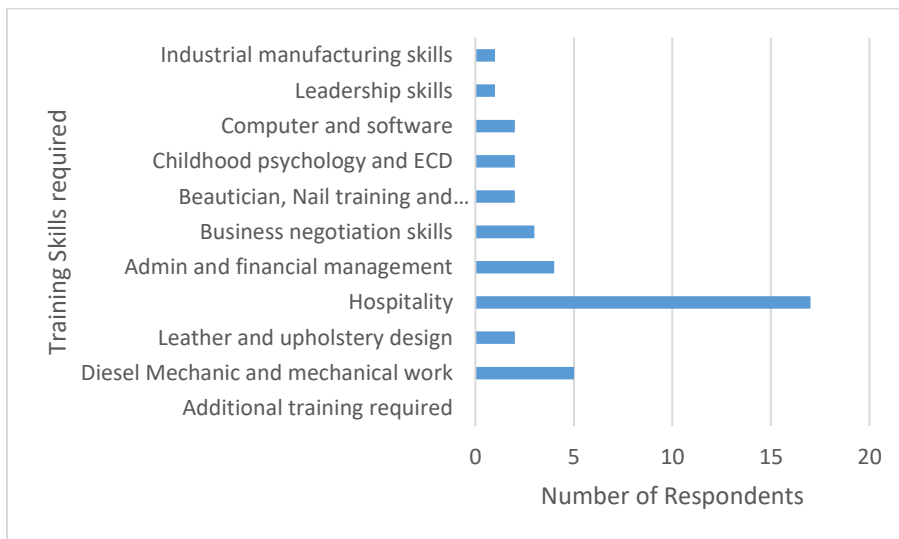


Figure 36: Types of training required by business for skills development.

When asked about the training they will require to expand their skills and opportunities to run the kind of businesses they do, 17 business owners indicated a need for hospitality training, four indicated a need for financial training while 5 respondents from the background of mechanics indicated a need to advance their skills in mechanical work. Figure 36 above, illustrates the kind of training observed as needed by various business owners.

Informal businesses and community development

Figure 37 below illustrates the ways in which businesses surveyed assist vulnerable members of their communities. Of the 44 respondents who said they invest in their communities, 26 give back through various donations to their communities while 6 offer discounts to vulnerable community members, while others offer food to the hungry, offer free training, and share business information as their means of support to their communities.

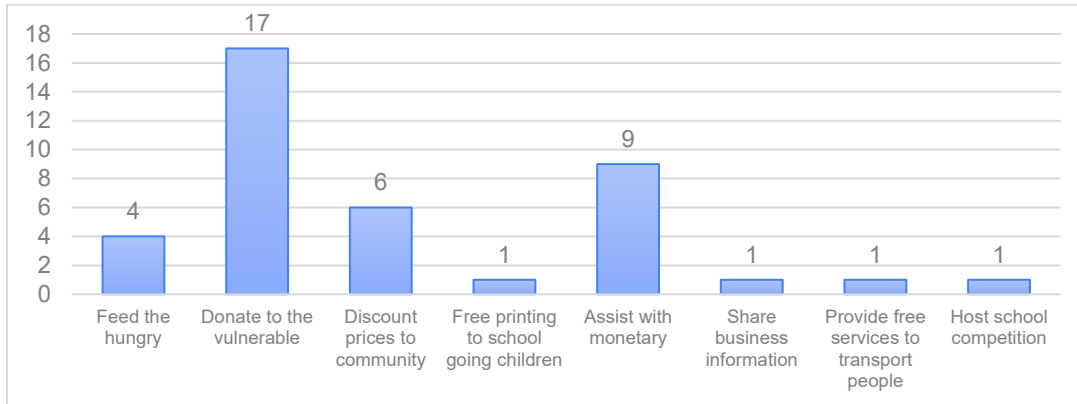


Figure 37: Ways businesses give back to communities.

Discussions and Analysis of findings

This study shows that the majority of informal businesses surveyed are run by women, and the primary reason for establishment of businesses the lack of alternative source of income. This is despite the fact that 45% of respondents have a Grade 12 education or above (tertiary or vocational training). Most of these businesses are owned and run by young adults who are in the age ranges of 25 to 44 years. These groups are primarily the age groups much impacted by the recent economic downturn and the lack of job opportunities in the country, which is pushing them to find other means of income generation for livelihood support. This finding is not surprising given that the youth unemployment rate in Namibia is very high, at 46.1%¹². The majority of these entrepreneurs are dependent on their small businesses for survival. A study by the Ministry of Labour and Employment Relations conducted across Namibia's informal settlements in 2016 also found the same findings, naming the informal business industry a "women- dominated" economic sector¹³.

Lack of financial capital is one of the major challenges affecting business growth and expansion among the businesses surveyed. The lack of access to finance for small businesses and those operating informally has been a common finding in most research studies conducted on informal businesses in Namibia^{14 15}. Poor financial investment and opportunities directed to small and medium-sized enterprises limit these businesses from growing economically and invest in resilience infrastructures. Forty-nine business owners surveyed, indicate a need for capital (money) to expand their businesses, whilst 23 respondents indicated that investments in equipment required to expand their businesses will be an added advantage. Lack of access to finances and investment also present many other challenges such as lack of diversity and limited daily operations. Recent mini research carried out by Sheehama (2023) across 13 major urban areas in Namibia also observed the need to increase investment in Namibia's informal sector to accelerate industrial growth and push business formality through policy nexus¹⁶.

Several factors observed in this study could limit businesses from expanding their access to finance, whether from formal lending institutions or in the form of grants include low levels of business registration. A registered business has many advantages and especially its legal ability to access financial assistance in various funding instruments such as loans, grants, and special program funds to expand its operations. According to the study conducted 62% of the businesses surveyed were not registered with any public or private institution. Observed from the study are also businesses with no established business accounts and those whose financial flows are mixed with that of their owner's personal financial flow. A registered business presents many advantages. The business's ability to be flexible in its operations and the advantage to expand and access SME business opportunities, investment calls and government schemes. Based on observations, the high percentage of informal owners with unregistered businesses can be driven by factors such as lack of information. Sheehama's recent study¹⁷ also observed a willingness for businesses owners

¹² Namibia Statistics Agency, 2019. Namibia Labour Force Survey 2018 Report. Namibia Statistics Agency, Windhoek.

¹³ Ministry of Labour, Industrial Relations and Employment Creation, 2016. Namibia Informal Economy Case Study Report 2016/17. Republic of Namibia, Windhoek

¹⁴Ogbokor C, n.d. Investigating the challenges faced by SMEs in Namibia. Polytechnic of Namibia, Windhoek

¹⁵Ministry of Labour, Industrial Relations and Employment Creation, 2016. Namibia Informal Economy Case Study Report 2016/17. Republic of Namibia, Windhoek

¹⁶ Sheehma, J. K. (2023). Soptlighting opportunities for businesses in the informal sector. Future Media.

¹⁷ Sheehma, J. K. (2023). Soptlighting opportunities for businesses in the informal sector. Future Media.

to register their businesses although a majority are operating businesses with no physical addresses. His study also observed respondents who had no information about the Business and Intellectual Property Authority (BIPA).

Costs and ownership

Most of these informal businesses are sole-owned enterprises, offering a wide range of services. The surveyed businesses include multipurpose vendors which were assessed as a majority, trading different kinds of home essentials, goods, fresh fruits, and vegetables in their surrounding communities. Surveyed businesses also include service delivery businesses such as car mechanics, repair shops, and hair and beauty enterprises. Businesses practicing urban agriculture such as gardening and poultry farms were less observed. Literature review of various studies conducted on informal settlements in peri-urban areas of Namibia observed the same cases of sole-owned businesses, practicing various economic activities¹⁸¹⁹.

Interestingly, most of these businesses were established with owners' capital while a few others have received startup assistance from close relatives and friends. On average the stipulated startup capital of these businesses is N\$8,490 for a full operating small informal business, however, startup capital can also be as less at N\$5000 for most surveyed businesses.

Based on the observation of the surveyors, most respondents found the questions on business costs and revenue generation difficult to answer and in most cases, the figures were found to be inconsistent. This could be a case of lack of honest disclosure of information or poor skills and knowledge on tracking the financial inputs and outputs of the business. According to the responses on average businesses generate a revenue of N\$13,530.00 with monthly expenditures of N\$3,716.00 and a profit of N\$9,814.00 on average per month. There is a need for an extensive study to understand financial flow of informal businesses using various methods of assessments, including financial management capacity building programs to educate local entrepreneurs track of their business finances and carry out bookkeeping as also recommended by other researchers²⁰²¹.

The informal sector like any other sector of the economy, is an employment creation sector. Although informal, these businesses employ based on skills and business know-how thus providing informal employment to members of their communities and limiting social vulnerability. On average employees in the informal sector earn about N\$1,318 monthly and if employed on commission, an employee can earn 41% of the total amount of products sold or services delivered. This presents the opportunities and scale of impact that informal businesses have on the social-economic development and livelihoods of people in informal settlements, in reducing their community's vulnerability and dependency.

Sheehama report echo's that the growing informal sector accentuates the need for strategic and appropriate policy responses to improve the quality of the open markets and graduate informal traders to the formal economy²². This study observed that most owners are not happy with current business operations due to a number of barriers such as lack of basic services including land ownership. Potable

¹⁸ Sheehma, J. K. (2023). Spotlighting opportunities for businesses in the informal sector. Future Media.

¹⁹ Ministry of Labour, Industrial Relations and Employment Creation, 2016. Namibia Informal Economy Case Study Report 2016/17. Republic of Namibia, Windhoek

²⁰ Ministry of Labour, Industrial Relations and Employment Creation, 2016. Namibia Informal Economy Case Study Report 2016/17. Republic of Namibia, Windhoek.

²¹ (Sheehama, 2023)

²² (Sheehama, 2023) Spotlighting opportunities for businesses in the informal sector. Future Media.

water and connectivity to grid electricity including service land with proper sewage facilities are very important factors for economic and market development which can help local entrepreneurs establish business resilience infrastructures that can advance operations and improve income generations and, limit competition.

From the study, a great proportion of individual business owners lack access to potable water and connectivity to electricity. The study observed that these factors interrupt businesses' ability to operate and water alone, limiting their ability to practice proper hygiene and sanitation in and around their business environments. Lack of connectivity to grid electricity limits businesses from increasing their technical resources such as the introduction of machinery. More so, businesses are pushed to rent out expensive facilities with electricity to operate. This is not surprising as these issues have been recorded as the conditions of slum-like settlements²³.

Businesses' resilience and vulnerability to climate change

There is an interconnection between climate-resilience and development, and investment in one can advance the other and vice versa e.g., improving living conditions of informal settlements through the provision of adequate services can enhance resilience to climate change impacts. Similarly, building resilience to climate change ensures that communities can revive, cope, adapt and transform when exposed to these risks, thus enabling sustainable and inclusive growth and development for informal settlements and their residents.

Businesses are considered most resilient when they can carry on with their business-as-usual activities during and or after climate change related events with less economic losses and productivity.

The majority of informal businesses are limited to operating business as usual in events of heavy storms and heatwaves. According to the study heat waves adversely impact goods causing them to depreciate and go rotten, affect equipment, causing them to jam and overheating of machineries. Additionally, heavy storms come with flash floods, which damage business infrastructures and cause business operational areas to be muddy and polluted. Flash floods also cut off entrepreneurs from accessing their market areas and simultaneously, cut off customers from reaching the business areas to purchase goods and access services. These challenges are aggravated by lack of finance, poor services, and infrastructures and lack of ownership to land to build permanent climate-proof infrastructures as observed by other studies. The study observed a significant low number of green enterprises. Some of the few recorded where urban gardening projects and poultry farms who themselves faced several challenges operating under the circumstances observed by the study. Despite the vulnerability of these green enterprises, there appears to be lack of innovative green entrepreneurial concept of start-up in the small and medium-sized economy of Namibia, particularly from observation made under this study. This can be driven by lack of exposure, access to finance; government support programs and policies, as well as market demands for green products and services. These impeded challenges have been observed by various studies done across African small and medium-sized enterprises and appear to be the same case in Namibia^{24,25}.

²³ (Namibia Chamber of Environment and Development Workshop, 2018)

²⁴ (Mkhonza, 2018). The barriers to green entrepreneurship in developing countries.

²⁵ Creech, H et al. (2012). Social and Environmental Enterprises in the Green Economy: Supporting sustainable development and poverty eradication on the ground. IISD.

Support businesses need

There is a great need by business owners in the informal settlement to expand their operations and introduce new services and skills to their businesses. Access to funding was one of the biggest barriers preventing the expansion and growth of businesses. On average an informal business will require about N\$41,949 investment to expand their existing operation, to improve their business structures, add stock and purchase the necessary basic equipment required to improve their service delivery. However, this amount is expected to be must higher for businesses that require high-tech and heavy machinery.

In other aspects of expansion, the study also observed that entrepreneurs require skills related to their businesses and advanced skills in business management, financial management, and investment training as well as hospitality skills. The study also observed a need to empower and skill local entrepreneurs towards establishing and transitioning to green enterprises, cultivating an idea of sustainable practices and healthy environments. This can be supported by enacting local entrepreneurs into green economic spaces, providing access to funding, strengthening policies to support green start-ups, and implementing special programs to pupal green entrepreneurship growth and sustainability.

In addition, businesses show a need for knowledge and capacity building on climate change, innovations, and basic digital marketing support knowledge gaps, to advance and, explore new business ventures, including access to information and policies for business registration.,

Opportunities for establishing a green business support facility to help address the challenges businesses face

Analysis observed from the study shows a great need for intervention to support businesses in the informal sector to scale up and expand and to render their operations resilient to the impacts of climate change and other shocks.

Challenges such as lack of information to register businesses, lack of financial capital, and various business skill training, are opportunities the Green Business Support Facility can find significant, to assist these businesses advance and help them grow resilient. In addition to the training and capacity building of entrepreneurs, the Support facility can establish;

1. A Small Business Revolving Fund

Due to a great need and gap of financial support and investment lacking for informal businesses, the support facility can establish a small business revolving fund, to provide grants and/or loans to small businesses to support their interventions and ideas as well as train entrepreneurs into innovative green business practices.

The fund can look towards supporting businesses interested to venture into green enterprises and those seeking funds to upscale, renovate, and expand their services and offerings, venture into new operational areas, improve their business's infrastructure, improve their service delivery and mitigate economic loss and damage during climate or other disasters.

2. Local Sustainable Market Hubs (to Promote conducive and green innovative small market business hubs)

There is a need for advanced services to alleviate the impacts of social, economic, and environmental challenges. For instance, access to serviced land and development can encourage owners to build infrastructures that can withstand environmental impacts such as floods and, limit their business's exposure to cold and heatwaves. Serviced land can also advance sanitation and the health of businesses and that of the communities they serve. These development centers can be installed with potable water and renewable energy sources and other services that can represent a sustainable innovative market hub for small businesses to trade and operate from to mitigate overcrowding in inadequate market areas and polluted environments.

The hubs can act as pilot studies to measure the extent to which local businesses are willing to go in practicing sustainability. The hub can have installed centers of recycling, information sharing, and other innovative activities that can be beneficial to upcoming and existing local entrepreneurs. This in turn supports and eliminates local businesses from operating out in the open and being exposed to extreme weathers.

Alternatively, the facility can advocate and assist in funding a sustainable module of local green market areas in the informal settlements, which will be a great opportunity for the city to explore and if successful can be replicated in other towns' informal settlements. The sustainable market area can showcase how renewable energy and sustainable practices can be incorporated into local market areas to advance the economy and resilience of local informal businesses to absorb and recover from climate change impacts as well as, grow adaptable economically viable businesses.

3. Empowerment center (Mentoring and inspiring innovation through education, exchange, and exposure of informal entrepreneurs)

The world is moving more digital in all aspects of the economy. The green business support facility can also look at educating, training, and introducing skillful exchange programs to empower local entrepreneurs, to become innovative and consume market areas through modern technology, social media, and other digital platforms convenient to promote sales and business services. This in advance can benefit businesses who are unable to deliver, market, and trade and especially during extreme weather events.

The local informal business entrepreneurs also show a great need for information, knowledge, and capacity development on business and financial management including information on the importance of business registration and business specific account establishment to advance their external opportunities to access private and public financial support. Therefore, the facility can incorporate mentorship and business development, and management training as additional activities to its components.

Lastly, there is a direct link between climate change adaptation mechanisms and the development of communities and, through advanced economic development and investment in social infrastructures and community empowerment, private and public sectors can help improve the resilience of communities while limiting impacts of climate change and enhancing economies.

Recommendations

Micro Small and Medium-Size Enterprises (MSMEs) have significant potential to grow the country's economy and contribute to its GDP as well as drive the green economy because of their size, scope and ambitions. There is a great need for policy makers to establish an enabling environment for MSMEs to flourish and for support organisations to provide capital investment and technical support and training to encourage new models for MSMEs green growth that can be integrated into their existing practices. This can be achieved by:

Creating enabling environments: Policy makers prioritize and support MSMEs transition through technical and fiscal investments to green economy by adopting clear and concise regulations, friendly to poor and low-income earners and business owners for green products and services. This can be compounded with coordinating and facilitating access to seed funding and expansion funding and promote capacity building programmes for MSME business owners across the country.

Simplify registration processes and reduce requirements: To encourage business owners to register their businesses, it is imperative that the government work on providing adequate information and boost the capacity of small business owners and the public, establish opportunities for successes practices to exchange knowledge and skills with start-ups and, relax fees and administrative processes required to register businesses.

Foster growth and collaborations: MSMEs have the potential of reducing the unemployment rates in the Namibian society. It is imperative that policy makers develop regulatory frameworks and design policies to promote green and sustainable MSMEs funding through grants to motivate and stimulate business owners become innovative in their ventures.

Promote and encourage business diversity: There lacks a ground of competitiveness and diversity amongst Namibian local MSMEs. The lack of innovative business infrastructures that offer start-up and existing businesses knowledge and introduce them to new models could be one of the many solutions to promoting business diversity. Policy makers can support local MSMEs businesses by extending their invitation to regional and international business conference with local entrepreneurs, providing access to exposure and knowledge exchange of best practices.

Green business support programs: Explore and adopt green business support funding models through establishing a small business revolving fund as well as local sustainable market hubs and an empowerment centre, to encourage local businesses transition to green enterprises, grow resilient and expand their services. This includes the transfer of green skills and green economic models and building climate change capacity gaps of local entrepreneurs.

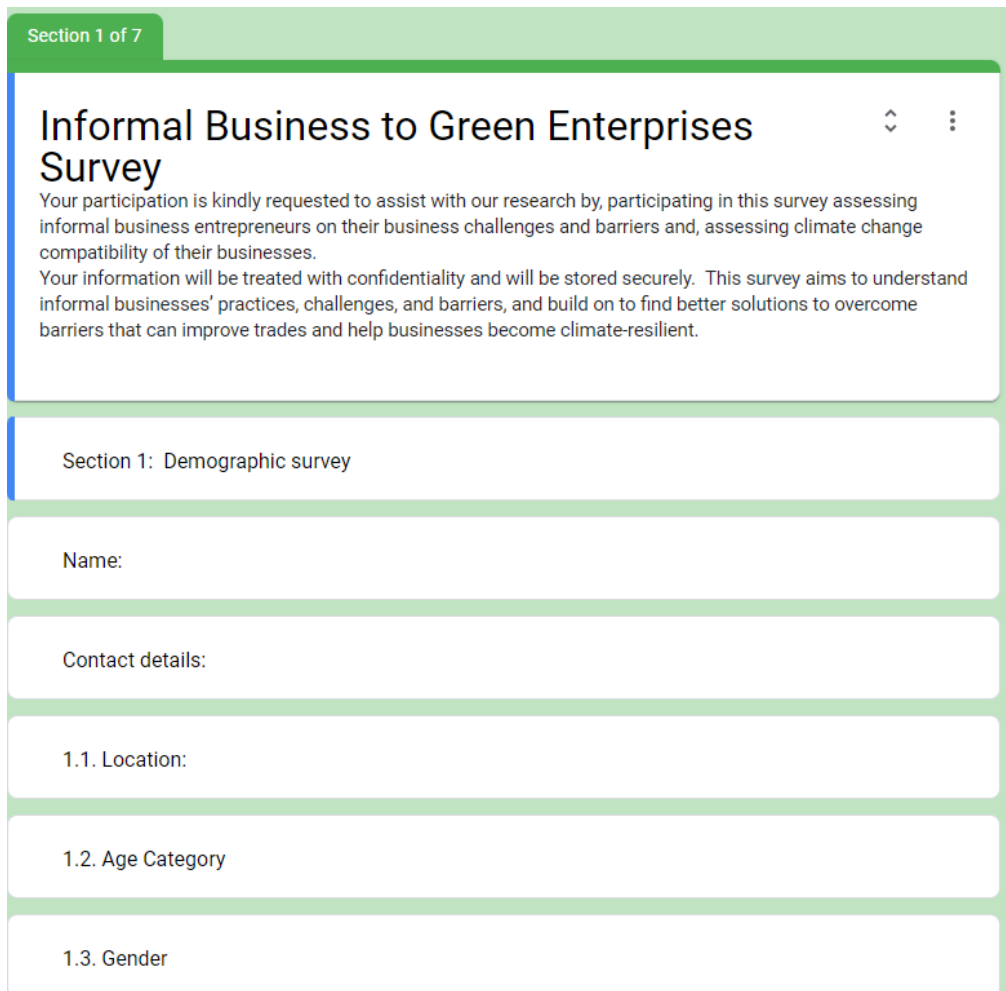
In conclusion, there is a need for a more analytical study and assessment on informal entrepreneurs to understand the concrete financial flows of the different types of businesses both in a good and bad economic period. The study should assess daily business revenue, operation days, number of employees, daily cost, and daily profits. This will help researchers and policy makers advance support for MSME development. Further studies should investigate understanding Namibian local entrepreneurs' willingness to venture into green enterprises and the kind of skills required for businesses to transition.

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Annex

Interview Google Form



The image shows a screenshot of a Google Form titled "Informal Business to Green Enterprises Survey". The form is divided into sections. The first section is titled "Section 1 of 7" and contains the survey title and introductory text. The second section is titled "Section 1: Demographic survey" and contains five questions: "Name:", "Contact details:", "1.1. Location:", "1.2. Age Category", and "1.3. Gender".

Section 1 of 7

Informal Business to Green Enterprises Survey

Your participation is kindly requested to assist with our research by, participating in this survey assessing informal business entrepreneurs on their business challenges and barriers and, assessing climate change compatibility of their businesses.

Your information will be treated with confidentiality and will be stored securely. This survey aims to understand informal businesses' practices, challenges, and barriers, and build on to find better solutions to overcome barriers that can improve trades and help businesses become climate-resilient.

Section 1: Demographic survey

Name:

Contact details:

1.1. Location:

1.2. Age Category

1.3. Gender

Link to Google Interview questions used for the analysis of this study:

<https://forms.gle/ZpMNsreCHjY7J8r98>